

m/027/032

From: Beth Ericksen
To: Susan White
Date: 3/3/2006 1:03:05 PM
Subject: Fwd: Joint Agency LOC for Red Dome, Mine #M/027/032

Susan-

Here is the forward for the Red Dome LOC

Penny-

Please print this email and send it to file.

Thank you,
Beth

CC: Penny Berry

Joint Agency LOC

Form Last Revised - September 20, 2005

Letter of Credit No. _____

Date: _____

UTAH DIVISION OF OIL, GAS AND MINING
 1594 West North Temple Suite 1210
 Box 145801
 Salt Lake City, Utah 84114-5801

and

and

Re: [name of mine operator and mine name]

Gentlemen and Ladies:

1. _____ [Name of Bank or Bank], ("Bank"), of
 _____ [city/state], hereby establishes this irrevocable letter of
 credit (the "Letter of Credit") in favor of the Utah Division of Oil, Gas and Mining ("Division") for itself and as
 agent for the _____ [Cooperative Agency]
 (collectively, the "Beneficiaries") for an aggregate amount not to exceed \$ _____
 [reclamation cost estimate] in United States dollars ("Face Amount") effective immediately; on behalf of
 _____ ("Operator") for _____ mining operation under Mine Permit No. _____.

2. This Letter of Credit will expire upon the first event set forth as follows: (a) 5:00 o'clock p.m. (Salt Lake City time) on _____ [expiration date] or (b) the date upon which sufficient documents are executed by the Division to release _____ ("Operator") from further liability for reclamation of the _____ [mine], _____ [mine permit #] with notice to Bank or Bank by the Division accompanied by the original Letter of Credit with directions for cancellation.

3. This Letter of Credit will be automatically extended for successive periods of one year from the current

or any future expiration date unless 90 days prior to the expiration date the Bank gives notice to the Division by any courier service or by registered United States mail 'return receipt requested' that the Bank elects NOT to renew the Letter of Credit.

4. Funds under the Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit No. _____ delivered to the office of the Bank, _____ [address]. At the Division's sole election, the Division may present sight drafts for less than the Face Amount so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division.

5. If the Bank receives the Division's sight draft(s) and certificate(s) as provided in Paragraph No. 4 above on or before the expiration or termination of this Letter of Credit, the Bank will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 4 of this Letter of Credit, available to the Division no later than the close of business, Salt Lake City time, on the second business day following the Bank's receipt of the sight draft and certificate and in such a manner as the Division may specify.

6. The Bank will give prompt notice to the Operator and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of the Bank, or alleging any violations of regulatory requirements, which could result in suspension or revocation of the Bank's charter or license to do business.

7. The Letter of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practice for Documentary Credit, 1993 revision, International Chamber of Commerce Publication No. 500, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah law and the UCP, Utah law shall govern.

8. Proceeds of this drawing will be held by the Division, subject to the Board of Oil, Gas, and Mining, after Notice and Hearing, ordering forfeiture of the Bank in accordance with applicable law utilized in full to pay the expenses relating to the reclamation liability, together with the costs of collection, including attorney's fees for the _____ (name of mining project), _____ (permit number).

9. All communications regarding this Letter of Credit will be addressed to the Bank

_____ [address], referencing Letter of
Credit No. _____.

10. In the event of Bank cancellation of the Letter of Credit, the Division may present the sight draft(s) to assure or complete reclamation if the Operator does not replace the Letter of Credit within the ninety days of Bank cancellation notice.

Very truly yours,

(Name of Bank)

By: _____
(Name typed or printed)

(Authorized Signature)
Title: _____

EXHIBIT A - SIGHT DRAFT

to
Letter of Credit Number _____

Date City, County Letter of Credit No

PAY TO THE ORDER OF: _____ Utah Division of Oil, Gas and Mining, _____
_____ DOLLARS

TO: (Name of Bank or Bank)
and
(Address)

Utah Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

By: _____
Authorized Signature

EXHIBIT B
to
Letter of Credit Number _____

I, _____ a duly authorized representative of the Utah Division of Oil, Gas and Mining, hereby certify that (1) the drawing in the amount of \$ _____, by sight draft accompanying this certificate, under Letter of Credit No. _____ dated _____ issued by you is permitted under the provision of the Letter of Credit, (2) the Letter of Credit has neither expired nor terminated pursuant to its terms, (3) the amount of the sight draft, together with any amounts previously drawn under the Letter of Credit, does not exceed the Face Amount, and (4) the amount to be drawn is necessary to assure or complete reclamation of the _____ (name of mining project) , number _____ (permit number) in accordance with applicable law.

The Utah Division of Oil, Gas and Mining

By: _____
Authorized Signature

Date _____

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